

DEPARTMENT OF STATE REVENUE

**SECOND LETTER OF FINDINGS NUMBER: 99-0340P
Sales and Use Tax
For Calendar Years 1995, 1996, and 1997**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer protests the penalty assessed on an audit completed on March 15, 1999.

Taxpayer failed to self-assess and remit use tax on clearly taxable items, primarily samples given away, office supplies, computer equipment, and other miscellaneous items. Taxpayer is an Indiana corporation and the parent of several subsidiaries.

At hearing, taxpayer states the company had a high degree of activity due to acquisitions and may have paid tax on invoices it cannot find. In addition, taxpayer states there are only two issues in the audit.

ISSUE

I. Tax Administration – Penalty

DISCUSSION

Taxpayer requests a waiver of penalty and states there was a high degree of activity with regard to the parent's acquisition of other companies. Taxpayer further states it may have paid tax but cannot find the invoices and there are only two issues in the audit. The new CPA's hired after audit state they are now handling all policy and procedures which have been corrected.

Taxpayer's audit revealed that no use tax accrual system was in place. The fact that new CPA's were hired to handle current problems has no bearing on the years at audit.

The Indiana Use tax laws are clear in the Indiana Code and Regulations. The taxpayer was negligent in failing to self-assess and remit use tax due.

FINDING

Taxpayer's protest is denied.